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CANADA/ NEWFOUNDLAND

AGREEMENT ON MINERAL EXPLORATION AND EVALUATION 1971



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C A N A D A

DEPARTMENT OF REGIONAL ECONOMIC EXPANSION

A G R E E M E N T

Between:

THE GOVERNMENT OF CANADA

and:

THE GOVERNMENT OF THE PROVINCE OF NEWFOUNDLAND

Dated: September 3, 1971.

MINERAL EXPLORATION AND EVALUATION PROGRAM



THIS AGREEMENT made in duplicate this 3rd day of September, 1971

BETWEEN: THE GOVERNMENT OF THE PROVINCE OF NEWFOUNDLAND,
represented herein by the Minister of Community
and Social Development (hereinafter referred
to as "the Province"),

OF THE FIRST PART,

AND: THE GOVERNMENT OF CANADA,
represented herein by the Minister of Regional
Economic Expansion of Canada (hereinafter re-
ferred to as "Canada"),


OF THE SECOND PART.

WHEREAS the Province has been carrying out a
program of mineral exploration and evaluation in the
Province so as to enable the more efficient reconnaissance
and assessment of its mineral resources;

AND WHEREAS the Province wishes to continue
and accelerate the said program and at the same time to
broaden the scope of the program and to reduce or eliminate
identifiable constraints to mineral exploration and
development, all with the intention of increasing employ-
ment and investment opportunities through the development
of the mineral-based industries in the Province;

AND WHEREAS Canada has agreed to assist the
Province by financing the said program, as hereinafter
provided;

AND WHEREAS the Governor-in-Council by Order-
in-Council P.C. 1971-1531 of the 27th day
of July, 1971 has authorized the Minister of
Regional Economic Expansion to enter into this Agreement
on behalf of Canada, and the Lieutenant-Governor-in-
Council by Order-in-Council No. 720-71 of the 24 day
of August 1971 has authorized the Minister of
Community and Social Development to enter into this
Agreement on behalf of the Province;



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NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto mutually covenant and agree as follows:

1. In this Agreement:

- (a) "Federal Ministers" mean the Ministers of Regional Economic Expansion and Energy, Mines and Resources of Canada and includes anyone authorized to act on their behalf. Where one Minister only is involved, his title shall be specified in this agreement.
- (b) "Provincial Minister" means the Minister of Community and Social Development of the Province of Newfoundland and Labrador and includes anyone authorized to act on his behalf.

MANAGEMENT COMMITTEE

2. The program hereinafter referred to will be carried out under the general direction and supervision of, and in accordance with standards set by, a Management Committee comprised of one representative of the Department of Energy, Mines and Resources of Canada, who shall normally act as Chairman, a representative of the Department of Regional Economic Expansion of Canada, and two representatives of the Province, one of whom shall normally act as Co-Chairman. In the event of any disagreement in the Management Committee, the matter shall be referred to the Federal Ministers, whose decision shall be final.

3. A vacancy in the membership of the Management Committee shall not impair the right of the remainder to act, and a majority of the existing members shall constitute a quorum if one of such members is the representative of the Department of Regional Economic Expansion or of the Department of Energy, Mines and Resources of Canada.

4. The signatures thereto of either of the Co-Chairmen and the Secretary or one other member of the Management Committee, shall be sufficient verification

for the purposes of this Agreement of any recommendation, approval or decision given by the Management Committee, provided one of the signatures is that of the representative of either the Department of Regional Economic Expansion or the Department of Energy, Mines and Resources of Canada.

5. The Management Committee may establish sub-committees to advise and assist it in its work, which sub-committees may include persons who are not members of the Management Committee.

THE PROGRAM

6. The Province will undertake a program of mineral development planning, evaluation and surveying (hereinafter referred to as "the program") and will include the following items, as more particularly detailed in Schedule "A" attached hereto:

1. Mineral inventory
2. Mineral development planning;
3. Prospector-technician training;
4. Mineral evaluation survey;
5. Analytical laboratory
6. Glacial geological-geochemical survey.

7. The maximum duration of the program will be the four-year period from July 1, 1971 to June 30, 1975 inclusive. The actual duration of the program will be determined by the Management Committee and the continuation of the program after each twelve-month anniversary date will be subject to the decision of the Management Committee.

8. The areas to be covered by the program will be selected by the Provincial Minister on the recommendation of the Management Committee.

9. The Province will acquire, either by purchase or rental, whichever is considered more appropriate by the Management Committee, the equipment required for the program and will let contracts for those portions of the work which are beyond the resources of its own staff.

10. All contracts for equipment, work or services shall be awarded by the Province in accordance with procedures to be approved by the Management Committee, and wherever in their opinion it is practical and appropriate to do so, shall be awarded pursuant to tenders invited by public advertisement and awarded to the qualified and responsive tenderer submitting the lowest evaluated bid.

11. All awards of contracts by the Province with respect to all items of the program shall require the prior approval of the Management Committee, and Canada shall not be liable to reimburse the Province for any costs which have not been so authorized, unless they are subsequently approved in writing by the Federal Minister on the recommendation of the Management Committee.

12. Contracts and purchases made before the date of this Agreement are hereby accepted as complying with the requirements of this Agreement if they are subsequently approved in writing by the Federal Minister on the recommendation of the Management Committee.

PAYMENT

13. Subject to this Agreement, Canada will reimburse the Province for the costs incurred and paid by the Province for the performance of the program, but notwithstanding anything in this Agreement, the total amount payable by Canada in respect of the program shall not exceed the sum of Two Million, Six Hundred and Ninety Eight Thousand (\$2,698,000) Dollars. Subject to the said over-all financial limitation, transfers in the allocation of funds made by Schedule "A" may be made between any of the items or sub-items of the program, by mutual agreement of the Federal and the Provincial Ministers, which amendments may be made by an exchange of correspondence between those Ministers.

14. The costs to be reimbursed by Canada hereunder are:

- (a) all costs reasonably and properly incurred and paid by the Province under all contracts entered into in accordance with this Agreement by the Province with any person or corporation for the acquisition of equipment or the performance of work or services for the execution of the program

- (b) the actual travelling expenses of officers or employees of the Province which have been reasonably and properly incurred for the execution of the program; and
- (c) the actual salaries, (excluding fringe benefits, which shall be the responsibility of the Province) of such officers or employees of the Province directly engaged on or after July 1, 1971 in a full-time capacity in the execution of the program as are agreed to in writing by the Federal Ministers,

but do not include any other administrative costs of the Province, or any costs for work or services performed or equipment acquired prior to July 1st, 1971 or after June 30th, 1975, and Canada shall not be liable for payment of any claim which the Province has not submitted by December 31st, 1975.

PAYMENT PROCEDURE

15. Payments by Canada hereunder shall be made promptly to the Province on the basis of statements and progress claims covering the costs actually incurred and paid for the performance of the program, submitted in a form satisfactory to the Federal Ministers, and certified by the Provincial Minister or his authorized representative as being correct and properly claimed under this Agreement.

16.(1) In order to assist with the interim financing of the program, Canada may, if the Province so requests, make interim progress payments to the Province not exceeding 90% of Canada's share of claims submitted, based on estimates of expenditures actually incurred as certified by a senior officer of the Province.

(2) The Province will account for each such interim progress payment by submitting to Canada, within 120 days after the payment was made, a detailed statement of the actual expenditures concerned, verified in a manner satisfactory to the Federal Ministers. Any discrepancy between the amounts paid by Canada by way of interim progress payments and the amounts actually payable by Canada shall be promptly adjusted between Canada and the Province.

RECORDS AND AUDIT

17. The Province will maintain proper and accurate accounts and records relating to the cost of the program, and Canada may audit the amounts of all progress claims and payments and the Provincial accounts and records relating thereto, and any discrepancy between the amounts paid by Canada and the amounts actually payable by Canada under this Agreement shall be promptly adjusted between Canada and the Province.

MATERIALS, EQUIPMENT AND LABOUR CONDITIONS

18. In the acquisition of materials and equipment for the program, the Province will ensure that preference is given to suppliers of materials and equipment made in Canada, where bids are otherwise competitive in respect of performance, price, delivery and specifications.

19. The following conditions relevant to employment and the award of contracts shall apply in respect of the program carried out under this Agreement:

- (a) recruiting of labour shall be conducted through the Canada Manpower Centres, unless the Management Committee considers that the service cannot reasonably be provided;
- (b) in the employment of persons for the program there shall be no discrimination by reason of race, sex, religion or political affiliation; and
- (c) all construction work shall be subject to and carried out in accordance with labour conditions to be agreed between Canada and the Province.

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20. The Province will indemnify and save harmless Canada against and in respect of all liability to any persons or corporations arising out of Canada's activity in financing the program and from and in respect of all actions, proceedings, claims, damages, costs and expenses whatsoever in relation thereto, but nothing herein requires the Province to indemnify and save harmless Canada from any acts or omissions of any contractor of Canada, or any agent, servant or workman of such contractor.

21. This Agreement does not vest in Canada any proprietary interest in the equipment or facilities provided hereunder, which shall be and remain the property of the Province.

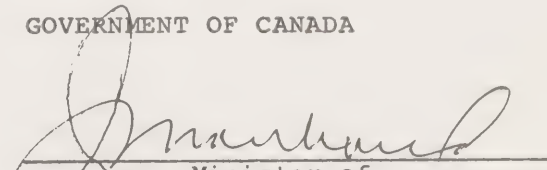
22. No member of the House of Commons or of the Legislative Assembly of the Province shall be admitted to any share or part of this Agreement or to any benefit to be derived therefrom.

IN WITNESS WHEREOF this Agreement has been executed on behalf of Canada by the Minister of Regional Economic Expansion and on behalf of the Province by the Minister of Community and Social Development.

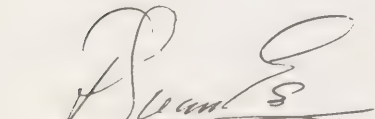
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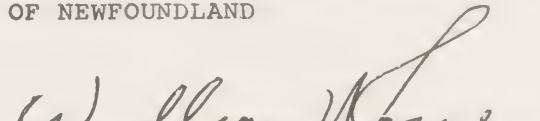
GOVERNMENT OF CANADA


Witness


Minister of
Regional Economic Expansion

GOVERNMENT OF THE PROVINCE
OF NEWFOUNDLAND


Witness


Minister of
Community and Social Development

SCHEDULE "A"

1. The program to be undertaken in this Agreement will comprise the following items:

- (1) Mineral inventory
- (2) Mineral development planning;
- (3) Prospector-technician training;
- (4) Mineral evaluation survey;
- (5) Analytical laboratory;
- (6) Glacial geological-geochemical survey

2. Description of items:

(1) Mineral Inventory:

To provide a base for formulating and undertaking programs and policies regarding mineral exploration and development, it is necessary to develop an inventory of the nature, extent, status and ownership of known mineral deposits in the Province. This information is to be compiled in the form of a card index, and in order to provide national continuity, the index will be of a type and form similar to that used by the Mineral Resources Branch of the Department of Energy, Mines and Resources. The inventory will include all available significant geoscience and ownership data and will be completed during the first year of the program and then kept up to date for the remainder of the program. The total cost to the federal government is estimated to be \$13,000, which will cost an estimated \$10,000 in 1971-72, and approximately \$1,000 in each of the following three years.

(2) Mineral Development Planning:

The purpose of mineral development planning is to identify opportunities and problems, to formulate policies and to devise and implement programs and legislation that can take advantage of opportunities to increase employment, income and revenues to the optimum extent in the Province.

This part of the program will involve the continuous in-depth assessment and forecasting of all related factors and relevant sectors of the provincial economy where opportunities or problems exist now or could exist in the future. It will serve to continuously inform and to make proposals to the Province and to the Management Committee regarding mineral development opportunities which may be pursued. The basic elements will include resource planning, further processing, land tenure and related legislation and taxation. These four sub-projects will continue for the duration of the four-year program and will provide a continuing vehicle for creating feasible beneficial changes in mineral development procedures and activity. They will also provide a basis for evaluating the extent to which the other projects in the program are to be implemented. The total cost of the four projects is estimated to be \$140,000, involving expenditures of an estimated \$35,000 per annum in each of the four years.

(3) Prospector-Technician Training:

In order to provide the mineral industry in the province with a suitable supply of trained personnel in exploration, surveying and technician techniques, it is intended to identify the areas of greatest need and to develop and provide a six- to eight-week training course which will allow about 50 people to become better trained in these specific fields.

The appropriate course is to be developed during 1971 and 1972. The first course will be held prior to the summer of 1973 and will be given on at least one other occasion during the life of the program. It will provide for out-of-town transportation costs, field trip expenses, reasonable room and board expenses and a small salary for trainees as well as for the cost of the teaching staff and for the necessary books and equipment. The course

will be coordinated with the assistance of the federal Department of Manpower and Immigration at a total estimated cost of \$45,000, of which it is anticipated that \$5,000 will be spent in 1971-72, \$15,000 in 1972-73 and \$25,000 in 1973-74.

(4) Mineral Evaluation Survey:

As a direct means of encouraging mineral development activity, the Province will undertake exploration and development work on known mineral occurrences that warrant further development on a small scale to the stage where a company may be interested in taking over continued, but large-scale development.

In some cases, only minor field work followed by adequate coordination, compilation and publication of known data will be required. In other cases, a more extensive evaluation program may be warranted for a known deposit. This may include a small or moderate amount of diamond drilling, geophysical surveying or any one or any combination of these and other evaluation techniques. In all cases the results will be compiled and published as rapidly as possible as an integral part of each project. A proposal for each project will be presented to the Management Committee and will require approval from the Management Committee before work on the project is to start. Initially, such projects may include the evaluation of certain known dolomite or limestone resources for use in the recovery of magnesia from seawater, the evaluation of silica deposits with relation to silicon manufacture, the evaluation of presently unexploited fluorspar and asbestos resources for export, and evaluation of some of the more significant base metal deposits. The total cost of the mineral evaluation survey is estimated to be \$1,500,000 over the four-year period, of which \$100,000 will be spent in 1971-72, \$400,000 will be spent in 1972-73 and \$500,000 will be spent in each of the following two years.

(5) Analytical Laboratory:

This project is designed to provide a suitable analytical laboratory for the purpose of establishing adequate facilities in the Province for chemical and other analyses of mineral samples. The facility is to be used for analyzing mineral samples from mining companies on a commercial basis and for analyzing the numerous samples that will result from the mineral evaluation program (project 4).

The bulk of the design, construction and equipping of this laboratory is to be completed as soon as possible in 1972. It is intended that all equipment be procured prior to 1973. The equipment purchased is to relate specifically and directly to the analysis of mineral samples. The total cost of the project is estimated to be \$400,000 and will include such items as design, construction and equipment, but will not include operating or maintenance costs. It is estimated that the cost will be \$300,000 in 1971-72 and \$100,000 in 1972-73.

(6) Geochemical-Glacial Geological Survey:

With the objective of increasing mineral development activity over broad areas at minimum cost, a geochemical-glacial geological survey will be undertaken on a reconnaissance basis in such areas as the Notre Dame and Belle Isle areas. In some instances more detailed geochemical work will be carried out on anomalies identified by the reconnaissance survey. The glacial geological survey will indicate the direction and location of sources of unconsolidated detrital material and will be followed by geochemical surveys based on the earlier findings. Pertinent information regarding this work will be published. It is anticipated that this project will cost \$600,000 of which \$500,000 will be spent in 1972-73 and \$100,000 in 1973-74.

3. A summary of estimated expenditures for the program of mineral development evaluation and surveying in the Province follows:

Mineral Development Project for Newfoundland.
Program of Mineral Exploration and Evaluation

Project	Proposed Expenditures (\$)				TOTAL 1971-75
	Fiscal Year 1971-72	Fiscal Year 1972-73	Fiscal Year 1973-74	Fiscal Year 1974-75	
1. Mineral Inventory	10,000	1,000	1,000	1,000	13,000
2a. Resource Planning)					
b. Further Processing)					
c. Land Tenure)	35,000	35,000	35,000	35,000	140,000
d. Legislation and) Taxation)					
3. Prospector-Technician Training	5,000	15,000	25,000	-	45,000
4. Mineral Evaluation Survey	100,000	400,000	500,000	500,000	1500,000
5. Analytical Laboratory	300,000	100,000	-	-	400,000
6. Glacial Geological - Geochemical Survey	-	500,000	100,000	-	600,000
Total	450,000	1,051,000	661,000	536,000	2,698,000

